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Moynihan Warns Administration to Shape Up on Casey Inquiry

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Sen. Daniel Patrick Moynihan (D-N.Y.) accused the White House and the Justice Department yesterday of failing to cooperate in the Senate inquiry into the business dealings of CIA Director William J. Casey and warned them to shape up "damn fast."

Moynihan, ranking Democrat on the Senate Intelligence Committee, said the panel's efforts to secure information about Casey's activities from the administration since last week had been repeatedly frustrated.

"If they are going to cover up," he warned, "they are going to lose themselves their director of the CIA damn fast."

Moynihan's outburst indicated that the Casey issue could be a political problem for the Reagan administration.

He voiced his indignation yesterday morning at a committee hearing on proposals to exempt the CIA and other intelligence agencies from the requirements of the Freedom of Information Act.

Moynihan said he found himself much less sympathetic to the idea than he was a year ago when he sponsored a similar measure.

"The administration," he protested, "is taking a very curious view as to what the public and the Congress need to know. They had better learn there is such a thing as openness in government."

The intelligence panel ordered its staff last week to begin a preliminary investigation of allegations of financial misconduct by Casey and his former chief of covert operations, Max Hugel.

Hugel resigned as the CIA's deputy director for operations last Tuesday following disclosure in The Washington Post of his dealings with two former Wall Street brokers who accused him of giving them "insider" information in the early 1970s to boost stock prices in Hugel's company.

The resulting hubbub brought to light two court rulings critical of Casey's performance as a director and officer of Multiponics Inc., a bankrupt agribusiness that a federal appeals court in New Orleans said had been driven "deeper and deeper into debt."

The committee inquiry is focused on Casey and, it appears, could extend well into the August recess. Despite promises of "complete cooperation"

press office last Friday, Moynihan said one call after another to the White House and to Attorney General William French Smith had been ignored.

"For the past two days we have been trying to find out whether the director of the CIA has been involved in activities that would make him unfit to hold his office," Moynihan said.

"We called the White House and we called the White House and we called the White House and nobody answers," Moynihan said he also called the attorney general several times "and he does not answer."

"Maybe he doesn't know who I am, or maybe he doesn't know what goes on up here, or think it matters," Moynihan said.

"Well, it damn well does matter.... They had better help us establish whether or not the director of the CIA should resign."

A staff aide said later that the CIA, by contrast, has been forthcoming. Moynihan did not mention what records the committee wants from the White House and Justice, but it was learned that they include the FBI's background investigations of Casey last winter in connection with his CIA nomination and in 1973, the year before he became head of the Export-Import Bank.

The senator's interest, an aide said, had been galvanized by a weekend report in the Wilmington (Del.) News Journal that said Carl Biehl, one of the men who founded Multiponics with Casey in 1968, had links to organized crime.

The newspaper asserted that Biehl, whose family stevedoring company does business on the Gulf Coast, has agreed to supply federal investigators information on organized crime activities in the New Orleans-Galveston area.

Committee Chairman Barry Goldwater (R-Ariz.) offered only one observation at the hearing, telling Moynihan that Casey was "out of town" at the moment but "if you want his phone number I'll give it to you."

Later, Goldwater told reporters he suspected the reason for silence from the White House was that "there's nobody in the White House. He [Moynihan] should know that. They're all up in Ottawa" at the economic summit.

But when asked whether there was a cover-up under way, Goldwater said only: "I couldn't say yes."

"... I expect it'll be a week or so before

"the staff is looking into things we've been told, both published and unpublished," but said he thought most of the items must have been printed somewhere at some point during Casey's long government career and the repeated confirmation hearings he has undergone.

One CIA official said he had no idea what the outcome will be, but said the inquiry seemed to be "kind of like a snowball going downhill."

Moynihan's shot across the administration's bow had two quick results in less than an hour. He left the hearing clutching messages that two people had just called him: White House counsel Fred Fielding and Attorney General Smith.

By day's end, Moynihan had been mollified to the extent that he was allowing that the "give us your files" episode was "the first of a kind" for the Reagan team. He said that Smith had told him "he wanted to cooperate fully with the committee...."

"All I was trying to do was to get the people whose job it is to provide us information to do so," Moynihan said in a telephone interview yesterday afternoon.

Fielding reportedly gave assurances that committee staff director John Blake and his aides will be given access to the FBI records on Casey today. The Senate investigators also want to see any records on Biehl.

The newspaper said that information on Biehl's connections had come from federal surveillances and wiretaps of organized-crime figures in Washington and New Orleans.

One federal law enforcement official said yesterday, however, that the FBI had found only one reference to Biehl in its records and it was "an innocuous one."

Committee investigators are expected to examine the voluminous court records in New Orleans involving Multiponics shortly. As far as Hugel is concerned, sources say, the committee is concerned primarily with the failure of the CIA's security investigators to sound even a mild alarm about his business career.

Moynihan told a reporter Monday night that the Hugel aspect of the inquiry should be the "less difficult" to resolve.

As for Casey's dealings, he said: "I expect this to be a more complex enterprise, and it gets more complex by the hour.... We have to satisfy ourselves, and we are not